ATTOCK

ATTOCK OIL CORPORATION

1994 Annual Report

Corporate Profile

Attock Oil Corporation is an emerging Calgary based junior oil and gas company, dedicated to adding shareholder value with an aggressive exploration strategy. The Company has established Central Alberta as its core area and has a dominant presence in several properties within the region.

Attock was founded in 1991 as a product of the merger of several very small oil and gas companies. After a period of asset rationalization and financial restructuring, the Company was debt free by early 1993. Attock began to execute its exploration strategy in March, 1993, and since then has been successful in adding significant reserves at low finding costs.

Attock is an upstream generator of quality opportunities. The Company creates and develops its geological plays internally, and relies on its technical abilities and initiative to succeed and grow.

As a small Company, Attock must manage its exploration risk carefully. It does so by concentrating on multi-zone prospects and by employing a partnership approach to doing business. The quality of its exploration opportunities allow it to attract partners while maintaining large working interests.

Attock's common shares are listed on The Alberta Stock Exchange under the symbol AOK.

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Annual Meeting

Shareholders are invited to attend the Annual and Special Meeting of Shareholders of Attock Oil Corporation which will be held on Thursday June 29, 1995 at 2:00 p.m. in the Viking A Room at the Calgary Petroleum Club located at 319 - 5th Avenue S.W., Calgary, Alberta.

Attock Oil Corporation is pleased to report substantial growth in reserves and asset value during 1994, a year during which the Company emerged as a junior explorer and producer.

All of us associated with Attock were deeply saddened by the sudden passing of our Chairman, Graham Gammell, on December 20, 1994. Graham effectively founded Attock in its present form, and guided the company through a difficult period of asset rationalization and financial restructuring. Under his stewardship, Attock had repaid substantially all of its debt by early 1993, and was positioned to act upon its strategy of creating value through the drill bit. Since that time, Attock has successfully acted upon this philosophy and added substantially to its reserve and prospective land base.

I began my association with Attock in early 1993 as a geological consultant and, by early 1994, assumed full responsibility for its exploration program. Although, by the time of his passing, Graham's day to day responsibilities had been reduced, his advice and wise counsel are truly missed. We are all determined to build upon our success, and are confident that Graham's philosophy and the team he assembled will prove to be rewarding.

Attock focuses on a core area in Central Alberta northwest and northeast of Red Deer. The plays provide multiple pay horizons in an area with good geological control and established infrastructure. The measure of our success to date is reflected in the value of the new assets added. Net exploration expenditures for 1993 and 1994 aggregated $3.5 million. This exploration program added new proven and probable reserves of 69,000 barrels of oil and 6.7 billion cubic feet of gas, and over 30 net sections of prospective unproven acreage in Attock's core exploration area. The newly achieved shareholder value is documented in this report, and we take pride in this accomplishment.

The new reserves are primarily gas. Gas prices are only now beginning to recover from their collapse in late 1994. Combined with the concurrent and not unrelated weakness in capital markets, this has made the conversion of reserves into cash flow more challenging. Notwithstanding this difficult environment, Attock is positioned to enjoy continued success because of the quality of its plays and because of its unique deal making capability. We have been able to stretch our exploration dollars by attracting industry partners on a participation basis, while maintaining high working interests. We are continuing to capitalize on the quality of our plays in this manner in 1995.

On March 27, 1995, Attock announced an advanced sales agreement relating to a 5 section property at Alder Flats, Alberta in which the Company has a 50% working interest. The agreement provides for prepayments aggregating $3 million (Attock share $1.5 million) with the proceeds to be used to drill and develop the property. No proven or probable reserves have been assigned to the Alder Flats property in our year end engineering report. This transaction is an innovative way for Attock to develop Company acreage at Alder Flats during a time of capital scarcity.

Attock will continue to adhere to its exploration philosophy during 1995. Proven reserves will be brought on stream as gas markets recover, with funding provided by the sale of non-core properties and perhaps a limited amount of bank debt. We will continue to attract industry partners to our plays to limit the funding required by Attock and to spread risk. We believe that Attock can continue to add substantial reserves at low cost, and that, in addition, it can convert these reserves into substantial cash flows in the future.

Your Board of Directors regrets that Mr. Richard Osler will not stand for re-election at the Annual Meeting on June 29, 1995. We extend our sincere appreciation for his contribution and unique insight. Messrs. John M.S. Lecky of Calgary and Colin J. Adair of Montreal have agreed to stand for election as Directors at that time and we extend them a warm welcome.

We wish to thank all of our shareholders for their continued support, and in particular our new shareholders who supported the 1993 and 1994 capital issues.

ON BEHALF OF THE BOARD,

Greg R. Davidson
President

April 10, 1995

Production, Reserves, Unproven Land and Finding Costs

Production

Oil production for 1994 averaged 106 barrels per day, an increase from 66 barrels per day during 1993. The increase primarily resulted from the purchase of a 50% interest in four Cardium wells at Pembina. During December, 1994, 25 barrels per day was added from the completion of an oil well at Homeglen Rimbey.

Gas production for 1994 remained essentially unchanged at 86 thousand cubic feet per day. Two gas wells were completed and tied in during December, 1994 and are currently producing approximately 300 thousand cubic feet per day net to Attock.

Reserves

The reserves were evaluated as at December 31, 1994 by McDaniel & Associates Consultants Ltd. as shown in the following table. The value represents a forecast of income derived from the sale of reserves less royalties, capital, operating costs and abandonment liabilities, but before income tax. McDaniel's forecast of Attock's average wellhead oil and gas prices for the next five years is as follows:

Year	Oil ($Cdn/Bbl)	Gas($Cdn/Mcf)
1995	19.75	1.69
1996	20.51	1.77
1997	21.57	2.04
1998	22.84	2.29
1999	23.86	2.45

Volumes

	Oil and NGL's (mbbls)	Gas (mmcf)
Proven	364	4,977
Probable (unrisked)	239	2,699
Total Proven and Probable	603	7,676

Discounted Value ($000's)

	Undisc	10%	15%	20%
Proven	10,862	6,148	4,943	4,090
Probable (unrisked)	8,175	3,250	2,224	1,579
Total	19,037	9,398	7,167	5,669

An independent evaluation of the reserves was not performed as at December 31, 1993.

Unproven Land

McDaniels also completed an evaluation of Attock's unproven acreage acquired during 1993 and 1994. This land position aggregated 32,200 gross acres (19,500 net acres) as at year end. McDaniels estimated that this unproven acreage had a fair market value of $1,107,000 as at December 31, 1994.

Finding Costs

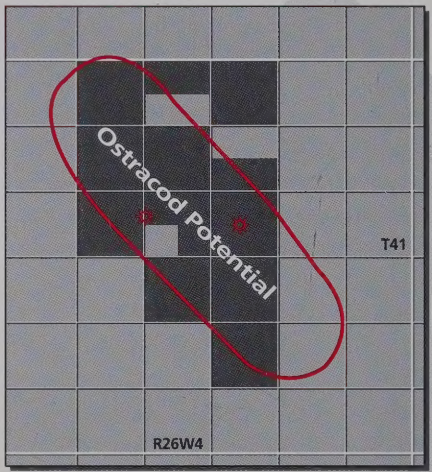
Attock adopted its full cycle exploration philosophy in early 1993. As at December 31, 1994, new assets added were valued by McDaniels at $1.1 million for unproven acreage, $2.9 million for proven reserves (15% discount), and $1.3 million for probable reserves (15% discount, unrisked). The new proven reserves comprised 54,000 barrels of oil and 4.1 billion cubic feet of gas. The new probable reserves comprised an additional 15,000 barrels of oil and 2.66 billion cubic feet of gas. The net capital cost associated with this added value was $3.5 million, being the net capital expenditures for 1993 and 1994.

By allocating all costs including land to reserves, a finding cost of $7.60 per proven barrel of oil equivalent and $4.75 per proven plus probable oil equivalent is computed. By deducting the land value of $1.1 million, finding costs of $5.25 per proven barrel of oil equivalent and $3.26 per proven plus probable barrel of oil equivalent are computed. Attock believes that these statistics will improve in 1994 as it develops additional reserves on its land inventory, and with the testing and completion of two standing capped wells (Attock 90% working interest) which had no reserves assigned as at year end 1994.

Major Properties

Attock's exploration focus is in Central Alberta, primarily north and northwest of Red Deer, and substantially all of its 30 net sections of undeveloped land acquired in 1993 and 1994 are located in this area. Significant producing properties are also located at Pembina and in southwestern Saskatchewan.

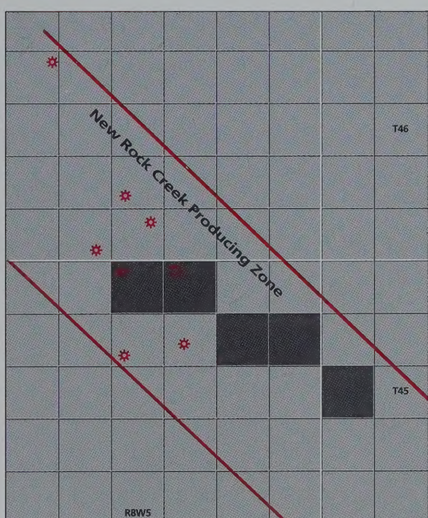
Lochinvar



Attock has an average 87% working interest in 16 gross sections of land at Lochinvar, located six miles north of Lacombe, Alberta. Two wells were drilled on this property in 1994. The discovery well was completed at 6-22-41-26W4M (Attock earned working interest 50%) during the third quarter as a dual zone gas well in the Belly River and Basal Quartz zones. The latter drill stem tested over 3 million cubic feet per day. A second well was drilled at 8-16-41-26W4M (Attock working interest 90%) during the fourth quarter, and is a capped Belly River gas well. These two wells have been assigned net proven reserves to Attock's working interest of 2.26 billion cubic feet of gas. An additional shut in Basal Quartz gas well at 9-20-41-26W4M (Attock working interest 90%) was purchased, and will be recompleted. No reserves are currently assigned to this well.

Attock's Lochinvar property is five miles from the nearest major pipeline and gas plant, and accordingly additional reserves need to be proven up to improve the economics of bringing these reserves on stream. To this end, the Company plans to drill up to three additional wells on the property during 1995. Attock is confident that the property's potential is only beginning to be realized.

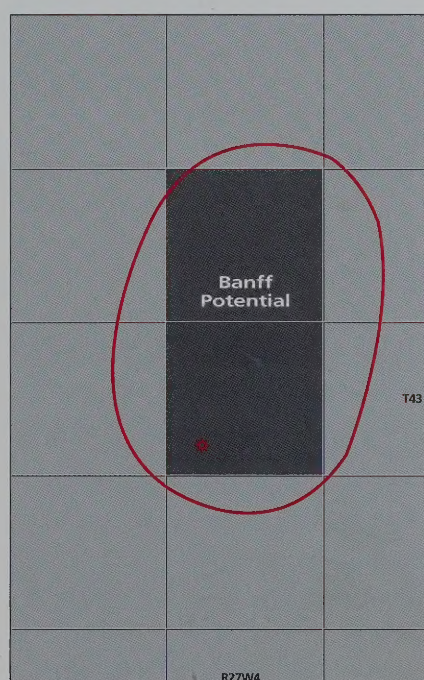
Alder Flats



Attock has a 50% working interest in five sections of land at Alder Flats in west central Alberta. In March, 1995, an advance gas sales agreement was finalized with a major industrial gas consumer which will provide Attock and its partners with prepayments of $3 million, to be used to drill and develop gas reserves on the property. The first well was spudded in late March, 1995 at 11-33-45-8W5M.

There are a number of potential gas horizons at Alder Flats, with the Rock Creek formation being the primary target. Six Rock Creek gas wells have recently been drilled by others, straddling and immediately offsetting Attock's lands, with productive rates varying from 1 to 3 million cubic feet per day and 10 to 30 barrels of condensate per day. Similar rates are anticipated on Attock acreage, and this should translate into favourable economics at established contract prices. No reserves have been assigned to Alder Flats in the 1994 year end reserve report, allowing for significant upside potential for 1995. The land value assigned in the report was $150,000.

Ferrybank



Attock has an average 57% working interest in seven sections of land in the Ferrybank area, west of Ponoka, Alberta. During the

fourth quarter of 1994, Attock earned a 50% working interest in a well at 6-20-43-27W4M which was production tested without stimulation at 2.9 million cubic feet of gas per day and 40 barrels of condensate per day from the Banff formation. Two secondary productive zones are behind pipe. This well is expected to be tied in during the third quarter of 1995 and an additional drilling location is currently planned.

Other Alberta Properties

Attock has a number of additional producing properties and prospects of significance in Alberta, primarily in its core area. Some of these are as follows:

- Pembina – a 50% working interest in 4 Cardium oil wells producing net to Attock 30 to 35 barrels of oil per day;
- Homeglen Rimbey – 100% working interest in 3.4 sections of land and a Basal Belly River oil well drilled during the fourth quarter of 1994. This well currently produces approximately 25 barrels of oil per day and a follow up location is planned;
- Craigmyle – a 50% working interest in a Belly River gas well completed during the fourth quarter of 1994, producing net to Attock 200 thousand cubic feet of gas per day. This well will be dually produced with Viking gas production coming on-stream during 1995;
- Gartley – a 57% working interest in a Belly River gas well completed during the fourth quarter of 1994, producing net to Attock 300 thousand cubic feet of gas per day. This well will also be dually produced with Viking gas production being brought on-stream during 1995;

Several other prospects have been identified on land purchased in Attock's area of operation and drilling locations are currently being identified. Partners are being solicited.

Butte, Saskatchewan

Attock owns a 20.06% working interest in the Butte West Unit #2 in southwestern Saskatchewan. Current production is 35 to 40 barrels per day from the Upper Shaunavon. The operator is Pinnacle Resources Ltd. as a result of its acquisition of Reso-Quest Resources Ltd., and the new operator has considerable expertise in this area.

The operator is currently proposing a unit expansion at Butte. Subsequently, several wells and an expanded waterflood are planned for 1995, which could double to triple production from this property.

Revenue

Gross oil and gas sales increased by 43% to $731,000 in 1994 from $510,000 in 1993, as a result of increased oil production volumes. The average oil price was virtually constant at approximately $17.25 per barrel. To date in 1995, oil prices received have been $19 to $20 per barrel. Royalties as a portion of gross revenue have declined significantly, with a lower portion of product sales in Saskatchewan. Interest and other income increased as a result of substantial funds on hand throughout the year from the 1993 and 1994 capital issues.

Expenses

Operating expenses on a barrel of oil equivalent declined from $9.65 to $7.96. This reduction reflects the new lower cost production added during 1994. Butte remains a high cost operation, but these costs should decline as improvements are made by the new operator. Operating expenses should continue to decline as new production is added.

General and administrative and public company costs increased in 1994 with increased activity levels. Interest costs were essentially eliminated with Attock being debt free during 1994. Depletion and depreciation on a unit of production basis was $4.56 in 1994, compared to $7.56 in 1993, reflecting the Company's success at adding reserves.

Capital Resources

During 1994, Attock incurred capital expenditures of $3.44 million. These were funded in part by the sale of non-core properties of $218,000 and by the receipt of $750,000 from an industry partner to earn interests in land in Attock's core area. The balance was funded from new capital issued. Net proceeds of $2.96 million were raised during August, 1994 from an issue of new equity, and $668,000 of new capital was issued in May in exchange for the four Cardium wells at Pembina. Capital expenditures for 1993 were $1.7 million, net of dispositions of $148,000.

As at December 31, 1994, Attock's working capital position approximated $900,000. In addition, the Company held an investment at cost of $101,000, comprising shares in a T.S.E. listed company received in exchange for a minor property. These shares cannot be sold until late 1995 pursuant to T.S.E. hold period requirements.

In March, 1995 Attock entered into a prepaid gas contract which will provide the Company with $1.5 million to drill and develop its Alder Flats property in 1995. The prepayment is to be repaid, subject to deliverability, commencing January, 1996 from Alder Flats gas at $0.60 per G.J., with the purchaser responsible for all crown royalties as the gas is delivered. Attock has also agreed to sell, again subject to deliverability, additional quantities of Alder Flats gas at $1.45 per G.J. for three years commencing January, 1995, and at a blended market price for an additional seven years thereafter.

Capital markets for emerging oil and gas markets such as Attock are currently uncertain. The Alder Flats prepaid contract provides a unique way of funding a portion of Attock's exploration program in this environment. Additional funding is available from working capital on hand and from bank borrowing, for facility and tie-in costs.

As at December 31, 1994, Attock had 23,412,854 common shares outstanding. Attock believes that it is desirable to reduce the number of shares outstanding by way of a consolidation of shares. To this end, the Company will ask its shareholders at the Annual Meeting on June 29, 1995 to approve a 4 to 1 stock consolidation, which would reduce the issued and outstanding shares to fewer than 6 million and improve Attock's market appeal.

Management's Responsibility for Financial Statements

The accompanying financial statements of Attock Oil Corporation and all information in the annual report are the responsibility of management and have been approved by the Board of Directors. The financial statements necessarily include some amounts that are based on management's best estimates, which have been made using careful judgement.

The financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada. Financial and operating data elsewhere in the annual report are consistent with the information contained in the financial statements.

In fulfilling their responsibilities, management of Attock maintain internal accounting controls.

Although no cost effective system of internal controls will prevent or detect all errors and irregularities, the controls are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, transactions are properly recorded and the financial records are reliable for preparing the financial statements.

The Board of Directors carries out its responsibility for the financial statements in this annual report principally through its Audit Committee, the majority of which are non-executive directors. The Audit Committee meets with the external auditors to discuss the results of audit examinations with respect to the adequacy of internal accounting controls and to review and discuss the financial statements and financial reporting matters.

The financial statements have been audited by Deloitte & Touche, Chartered Accountants, who have full access to the Audit Committee, with and without the presence of management. Their report follows.

Greg R. Davidson
President and Director

Wieland F. Wettstein
Director and Chief Financial Officer

To the Shareholders of Attock Oil Corporation:

We have audited the consolidated balance sheets of Attock Oil Corporation as at December 31, 1994 and 1993 and the consolidated statements of loss and deficit and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1994 and 1993 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

Deloitte & Touche

Chartered Accountants
Calgary, Alberta

March 31, 1995

Consolidated Statements of Loss and Deficit

	1994	1993
Revenue		
Oil and gas sales	**$730,924**	$510,557
Royalties	**(101,001)**	(102,958)
Alberta Royalty Tax Credit	**46,975**	17,401
	676,898	425,000
Interest and other income	**99,609**	51,105
	776,507	476,105
Expenses		
Operating	**336,710**	256,211
General and administrative	**349,282**	277,392
Interest	**6,252**	44,014
Public company costs	**47,506**	43,269
Depletion and depreciation	**193,091**	200,588
	932,841	821,474
NET LOSS	**156,334**	345,369
Deficit, beginning of year	**403,607**	58,238
Deficit, end of year	**$559,941**	403,607
Loss per share (Note 6)	**$ 0.008**	$ 0.033

Consolidated Balance Sheets

	1994	1993
Assets		
Current		
Cash	**$1,759,022**	$ 116,086
Accounts receivable	**688,105**	184,247
Prepaid expenses	**17,766**	10,934
	2,464,893	311,267
Investment in shares, at cost (quoted market value $86,250; 1993 – $145,334)	**101,250**	95,975
Oil and gas properties and equipment (Note 3)	**5,567,954**	3,736,702
	$8,134,097	$4,143,944
Liabilities		
Current		
Accounts payable and accrued liabilities	**$1,533,428**	$ 547,972
Current portion of obligation under capital lease	**7,127**	5,971
	1,540,555	553,943
Obligation under capital lease (Note 4)	**8,676**	15,805
Future site restoration and abandonment costs	**89,331**	68,398
	1,638,562	638,146
Shareholders' Equity (Note 5)	**6,495,535**	3,505,798
	$8,134,097	$4,143,944

Approved by the Board

Director

Director

Consolidated Statements of Changes in Financial Position

	1994	1993
Net inflow (outflow) of cash related to the following activities:		
Operating		
Net loss	**$ (156,334)**	$ (345,369)
Items not affecting cash		
Depletion and depreciation	**193,091**	200,588
Amortization of office lease inducement	—	(42,976)
Gain on sale of investment	**(55,622)**	—
Funds flow from operations	**(18,865)**	(187,757)
Changes in non-cash operating working capital items	**474,766**	574,747
	455,901	386,990
Financing		
Net assumption of working capital	**(20,496)**	—
Proceeds from issuance of shares	**3,146,071**	2,082,499
Decrease in loans and debentures payable	—	(670,200)
Obligation under capital lease	**(5,973)**	21,776
	3,119,602	1,434,075
Investing		
Proceeds on sale of investment	**149,627**	-
Purchase of investment	**(101,250)**	-
Purchase of shares in subsidiary	**(668,232)**	-
Sale of oil and gas properties	**968,160**	147,895
Additions to oil and gas properties	**(2,280,872)**	(1,862,545)
	(1,932,567)	(1,714,650)
NET CASH INFLOW	**1,642,936**	106,415
Cash, beginning of year	**116,086**	9,671
Cash, end of year	**$1,759,022**	$ 116,086

1. Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned Canadian subsidiary, Eagle Hill Energy Ltd., which it purchased on May 16, 1994.

Oil and Gas Properties

The Company follows the full-cost method of accounting for petroleum and natural gas properties whereby all costs relating to the exploration for and development of petroleum and natural gas reserves, whether producing or non-producing, are capitalized. Such costs include land acquisition costs, geological and geophysical costs, costs of drilling producing and non-producing wells, and overhead related to exploration activities. Proceeds from disposal of properties are normally deducted from costs without recognition of gain or loss. In the case of major property disposals, the net cost of the properties is deducted from the proceeds, and the resulting gain or loss, net of applicable income taxes, is included as part of income for the year.

Depletion of oil and gas properties is provided using a unit-of-production method based on estimated proved reserves of oil and gas as determined by independent petroleum engineers.

Production equipment, gas plant and office equipment are recorded at cost and are depreciated, net of estimated residual value, using the straight-line method over a period of seven years.

A ceiling test is employed annually to ensure costs accumulated by cost centre and for the Company as a whole do not exceed estimated future cash flows from proven reserves and the cost of undeveloped properties. For the purposes of this test, future cash flows are determined using year-end prices and costs, including deductions for applicable overhead, financing and income tax expenses. The Company periodically performs an impairment test relative to the capitalized cost of undeveloped properties.

Future Site Restoration and Abandonment Costs

Estimated future site restoration and abandonment costs are charged to operations on a unit of production basis.

Joint Ventures

The Company conducts a significant portion of its oil and gas activities on a joint venture basis, and, accordingly, the accounts include only the Company's proportionate interest in such activities.

2. Acquisition of Wholly Owned Subsidiary

Effective May 16, 1994, the Company acquired all of the common shares of Eagle Hill Energy Ltd. in exchange for 2,533,333 Common Shares at $0.26 per share issued from treasury. The transaction was accounted for as a purchase as follows:

Oil and gas properties and equipment acquired	$697,512
Less working capital deficiency assumed	29,280
Stated value of shares issued	$668,232

3. Oil and Gas Properties and Equipment

	1994	1993
Petroleum and natural gas properties	**$6,735,883**	$5,186,986
Production equipment	**906,545**	466,621
Office equipment	**79,881**	63,084
Computer equipment under capital lease	**24,386**	24,386
	7,746,695	5,741,077
Less accumulated depletion and depreciation	**2,178,741**	2,004,375
	$5,567,954	$3,736,702

In accordance with the Company's full-cost policy, administrative expenses in the amount of $74,000 (1993 – $47,000), relative to the oil and gas properties, have been capitalized.

In calculating the depletion provision for 1994, $1,587,023 (1993 - $834,162) of costs relating to unproved properties were excluded from costs subject to depletion.

4. Obligation Under Capital Lease

The future minimum lease payments required under a lease obligation relative to computer equipment are as follows:

	1994	1993
1994	**$ —**	$ 8,952
1995	**8,952**	8,952
1996	**9,153**	9,153
	18,105	27,057
Less imputed interest at 18.5%	**2,302**	5,281
	15,803	21,776
Less current portion of obligation	**7,127**	5,971
	$ 8,676	$15,805

5. Shareholders' Equity

Share capital

Authorized

Unlimited number of voting common shares

Unlimited number of preferred shares

Issued	**1994**		1993	
	# of Common Shares	**Consideration**	# of Common Shares	Consideration
Balance, beginning of year	**13,368,965**	**3,909,405**	6,793,995	1,826,906
Issued during the year	**10,043,889**	**3,146,071**	6,574,970	2,082,499
Balance, end of year	**23,412,854**	**7,055,476**	13,368,965	3,909,405
Deficit		**(559,941)**		(403,607)
		6,495,535		3,505,798

(a) Reduction of share capital

Pursuant to a special resolution of the shareholders effective July 1, 1992, approval was obtained to reduce the stated capital of the Company in the amount of $1,502,229 by a corresponding reduction of the deficit balance.

(b) Shares Issued	**1994**		1993	
	Number of Shares	**$**	Number of Shares	$
Exercise of stock options at $0.0825	**232,500**	**$ 19,181**	156,353	$ 12,899
Exercise of stock options at $0.24	**50,000**	**12,000**	40,000	9,600
Private placement at $0.40 (net of legal fees)	**4,872,500**	**1,895,686**	—	—
Private placement at $0.17	—	—	1,764,706	300,000
Private placement				
Flow-through common shares at $0.45 (net of tax effect of $485,133)	**2,335,556**	**550,972**	—	—
Flow-through common shares at $0.46 (net of tax effect of $286,000)	—	—	1,413,044	364,000
Common shares at $0.43	—	—	3,139,534	1,350,000
Purchase of Eagle Hill Energy Ltd.	**2,553,333**	**668,232**	—	—
Purchase of royalty interest	—	—	61,333	46,000
	10,043,889	**$3,146,071**	6,574,970	$2,082,499

c) Stock Options

At December 31, 1994 the Company has granted stock options for common shares to certain officers and employees entitling them to purchase 1,722,500 shares at prices ranging from $0.0825 to $0.69 expiring at various dates to September 22, 1998.

d) Warrants

At December 31, 1994 there are 2,276,289 warrants outstanding. These warrants expired unexercised on January 9, 1995.

6. Loss Per Share

The loss per share is calculated using the weighted average number of shares outstanding during the year; fully diluted loss per share was not calculated because of its antidilutive nature.

7. Related Party Transactions

Management fees in the amount of $79,167 (1993 – $48,000) were paid to companies of which the former Chairman and President and current President of the Company were officers and directors relating to services provided to the Company by these individuals.

Interest expense on the loan payable to an officer and director of the Company amounted to Nil (1993 – $2,369).

8. Income Taxes

The Company has available for tax purposes, loss carry-forwards in the approximate amount of $741,000 which may be applied to reduce future taxable income. These losses expire as follows:

1995	$149,000
1996	76,000
1997	330,000
1998	26,000
1999	160,000

No recognition has been given in these financial statements to the potential tax benefits which may result from these items.

9. Commitment

(a) The Company has negotiated a lease for office premises, expiring in 1999, requiring minimum annual rental payments of $32,700.

(b) The Company purchased a royalty interest in certain properties in 1993, in exchange for 61,333 common shares issued at $46,000. Under the terms of the purchase, additional shares are required to be issued as further consideration for the purchase of this interest on May 1, 1995 and May 1, 1996, to the extent of any increment in value in the royalty interest measured at each of those dates.

10. Subsequent Events

(a) On January 1, 1995, Attock Oil Corporation and its wholly owned subsidiary, Eagle Hill Energy Ltd., were amalgamated.

(b) In March, 1995 the Company entered into a prepaid gas sales contract, pursuant to which it is to receive $1,500,000 to drill and develop one of its properties. The prepayment is to be repaid, subject to deliverability, by the delivery of 2.5 million Gigajoules ("G.J.") of natural gas from the property over a period of 10 years, commencing January 1, 1996. In addition, the Company is obligated, subject to deliverability, to deliver an additional 2.5 million G.J.'s of natural gas from the property over the same 10 year period, at $1.45 per G.J. for the first 3 years, and at a blended market price for the final 7 years.

Directors and Officers

Colin J Adair (1)
Director
Montreal, Quebec

Greg R. Davidson
Director and President
Calgary, Alberta

Robert G. Davidson
Director
Edmonton, Alberta

John M.S. Lecky (1)
Director
Calgary, Alberta

Richard R. Osler (2)
Director
Bowen Island, B.C.

Gordon A. Reid
Director
Calgary, Alberta

Wieland F. Wettstein
Director and CFO
Calgary, Alberta

Theresa L. Parsons
Secretary
Calgary, Alberta

(1) Nominee as at June 29, 1995
(2) Not standing for re-election at June 29, 1995

Corporate Office

500, 550 6th Avenue S.W.
Calgary, Alberta
T2P 0S2
Phone: (403) 269-5265
Fax: (403) 269-1198

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Calgary, Alberta
T2P 1E7

Auditors

Deloitte & Touche
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Calgary, Alberta
T2P 0S7

Solicitors

Burnet, Duckworth & Palmer
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Calgary, Alberta
T2P 3N9

Trading Symbol

"AOK"
The Alberta Stock Exchange

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